

June 27, 2002

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY  
(SECOND QUARTER 2002)**

In response to the increased level of CRA activity in the County and this office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report, covering activities during the second quarter of the calendar year. As we indicated in our initial report to your Board, this office works closely with the Auditor-Controller, County Counsel, and relevant Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran (213) 974-1130 or Jerry Ramirez (213) 974-4282 of this office.

DEJ:LS  
MKZ:JR:os

Attachment

c: Executive Officer, Board of Supervisors  
County Counsel  
Auditor-Controller

**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES**  
**Quarterly Report – Second Quarter 2002 – June 28, 2002**

**New CRA Projects - Routine Notifications/Reports Provided to Board**

<b>CRA Projects</b>	<b>District</b>	<b>Type of Notification</b>	<b>Date Provided to Board</b>
Amendment No.1 to the Pomona Merged Redevelopment Project (see below)	First	Initial Study	04/04/02
		Preliminary Report	06/19/02
Amended Little Tokyo Redevelopment Plan	First	Draft EIR	05/08/02
City-Wide Project (City of Cudahy)	First	Initial Study	04/12/02
		Preliminary Report	06/27/02
City Center Project (City of Los Angeles)	First and Second	Preliminary Report	04/05/02
Project Area No. 4 (Carson) (see below)	Second	Preliminary Report	06/05/02

**Board Letters/Actions During Quarter**

<b>CRA Projects</b>	<b>District</b>	<b>Action</b>	<b>Date of Board Action</b>
Various projects (City of Los Angeles)	First and Second	Adopted resolution for subordination of pass-through payments on five projects	06/18/02

**Major Ongoing or Emergent CRA Issues**

**Avalon (Fourth District)**

Issue: The Agency and County disputed the method of calculating the project cap. Negotiations on amending the current agreement to resolve the dispute and address existing Agency needs have been ongoing.

**Status:** City legal counsel is reviewing final draft amendment language. The Amendment will provide County deferral for capital projects in two phases with the second phase of deferral contingent upon achievement of agreed upon assessed value growth targets. This amendment will provide the Agency with infrastructure funds as contemplated in the original agreement, and should not have a significant fiscal impact on the County, as the Agency is projected to repay all deferral.

### **Carson (Second District)**

**Issue:** The City of Carson proposed a project area consisting of approximately 1,500 acres in several noncontiguous areas throughout the city. The proposed project areas consist of commercial, industrial, residential, and vacant properties. Based on a site visit of the area, CAO staff had concerns that certain areas may not qualify for inclusion per Redevelopment Law.

**Status:** In response to concerns, City of Carson agreed to exclude property with an assessed value of over \$126 million from the project area. CAO staff believes the new project area is generally consistent with Redevelopment Law.

### **Covina (Fifth District)**

**Issue:** The City of Covina proposed to annex and assume ownership and control of Charter Oak Park, located in an unincorporated pocket adjacent to the City. In exchange, Covina is requesting a deferral of a portion of the County share of tax increment in order to issue additional debt on an existing redevelopment project.

**Status:** City is working on application to LAFCO. Also, upon completion of a City ordinance to extend the redevelopment project, CAO staff will prepare a Board letter to amend the Agreement and subsequently transfer ownership of Charter Oak Park to the City.

### **Cudahy (First District)**

**Issue:** The City of Cudahy proposed an expansion of an existing redevelopment project area to include the predominantly residential areas of the City that are not in the existing project area. Based on a site visit of the area, CAO staff had limited concerns regarding inclusion of some property. After the City agreed to remove these parcels, staff believed the proposed project area was consistent with blighting requirements.

**Status:** The City of Cudahy adopted the project on June 18, 2002.

### **Monrovia (Fifth District)**

**Issue:** Agency requested extension of County deferral of a portion of its share of tax increment to fund a bridge cover project. County offered to provide additional deferral (\$600,000 over 10 years) without interest if Agency agreed to accelerate repayment of existing deferral balance of \$5.2 million.

**Status:** Agency declined County's offer and requested interest free deferral of \$600,000, with repayment commencing the year after the additional deferral concludes. CAO will issue response indicating that County minimally requires interest on additional deferral to avoid negative impact to General Fund.

### **Redondo Beach (Fourth District)**

**Issue:** Agency proposed a new redevelopment project (Heart of the City) of approximately 100 acres; the majority of the project area contains portions of the former Edison power generating plant.

**Status:** CAO staff had concerns that a portion (10 of 100 acres) of the project, primarily parking lots, failed to meet the blight requirements. These concerns were addressed with the City, and City staff agreed to the removal of the non-blighted parcels. However, on June 4, 2002, the Redondo Beach City Council voted to rescind the project after a voter referendum on the project qualified for the ballot.

### **Pomona (First District)**

**Issue:** Agency proposed to add 799 acres to existing Pomona Merged Redevelopment Project. CAO staff had concerns that significant portions of proposed added area did not meet blighting requirements consistent with Redevelopment Law.

**Status:** In response to our concerns, City of Pomona agreed to exclude property with an assessed value of over \$239 million from the project area. CAO staff believes amended project area is generally consistent with redevelopment law. As the current project is covered by a pass-through agreement, Board approval is required for the amendment. A resolution to approve the amendment is targeted for the July 9, 2002 Board agenda.

## **Litigation**

### **Arcadia (Fifth District)**

Issue: Agency adopted ordinance establishing the South Arcadia Amendment area despite CAO written objections that project does not appear to meet blighting requirements consistent with Redevelopment Law. Consistent with Board instructions, County Counsel has filed suit against the Agency.

Status: Trial set for September 27, 2002.

### **Los Angeles-Chinatown (First District)**

Issue: Agency proposed to amend the Chinatown project by increasing the lifetime cap and extending time limits. Clause in the 1980 Tax Allocation Agreement requires the Agency to "negotiate in good faith" with the County regarding any amendments.

Status: Despite CAO objections, the City adopted the project. The Board authorized legal action, and a lawsuit was filed. CAO staff, County Counsel, and outside legal counsel continue to be open to settlement meetings with the City.

### **Los Angeles-City Center (First and Second Districts)**

Issue: Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) project, which recently reached its court-validated project cap.

Status: The Board authorized litigation based on the Statement of Objection that was filed on May 1. The County is objecting to the project on the basis that it violates the court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. County Counsel filed the lawsuit on June 25, 2002.

## **Other**

### **CRA Policy**

Issue: CAO has developed a proposed policy for Board approval to provide greater clarity and consistency regarding this office's posture and procedures for addressing redevelopment issues in the County's cities.

Status: Presentations on the proposed policy have been made to all city manager groups in the County. The policy will be submitted for Board approval on an upcoming agenda.

### **Overall CRA Statistics**

Existing CRA Projects	291
Pending CRA Projects	29